

PRESS RELEASE



House Committee on the Budget
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***Reviving the Reform Agenda*, a review of mismanaged government programs, released by House Budget Committee**

WASHINGTON - A House Budget Committee analysis of federal spending has concluded that mismanagement of government programs is growing at an alarming rate, costing taxpayers untold billions of dollars even as more money is requested for these programs.

The review, entitled *Reviving the Reform Agenda*, will serve as the basis of the committee's efforts to target waste, fraud and abuse across the width and breadth of government programs this year.

"As we have moved from an era of deficits to surpluses, some have lost sight of the fact that virtually every government agency is plagued by serious mismanagement problems," said Budget Committee Chairman John Kasich (R-OH).

"Last month, we disclosed that government auditors had documented at least \$19 billion annually in overpayments, but the problem is far worse than that. Government financial management is in such poor shape that the General Accounting Office (GAO) says that the full extent of improper government payments simply cannot be determined."

Kasich pointed out the most recent audits of government spending (for 1998) showed that six agencies-the Departments of Agriculture, Defense, Education, Justice and Transportation, and the Agency for International Development-could not provide financial statements that reliably account for the hundreds of billions of dollars they spent.

"What we do know, however, is that the GAO lists a record number of government programs at 'high risk' for waste, fraud and abuse. Some 25 are on that list today. Of the 14 programs originally designated as 'high risk' in 1990, only four improved their management to the point

where they could be removed.”

EXAMPLES OF MISMANAGEMENT EXIST THROUGHOUT GOVERNMENT

Despite well-publicized examples of poor management, some of them dating back for decades, patterns of misspending continue unabated in many government agencies.

Some examples:

Defense Department: Auditors say DOD made a record \$1.7 trillion-*about the size of the entire federal budget*-in dubious accounting gimmicks in 1998. Four Pentagon activities are listed as “high risk” by GAO.

Examples of overpayment for spare parts and lax inventory control go back to at least to the early 1980's, but little has changed as we enter the 21st century. Auditors reported last November that the Air Force bought 64 turbine spacer assemblies for nearly \$77,000 that it simply did not need. That same report showed that at the end of fiscal 1997, the Air Force had on order some \$384 *million* in unneeded spare parts.

Federal Employees Health Benefits Program: Auditors stated in December that the health benefits program for federal workers consumes as much as \$1.8 *billion each year* in various types of abuse.

Food stamps: Government auditors estimated last year that \$1.4 *billion* in improper food stamp payments were made in 1998. Along with overpayments, benefits were provided to ineligible individuals such as prisoners, as well as to the deceased.

Medicare: The General Accounting Office continues to list Medicare as a “high risk” program. Medicare's fee-for-service program made some \$12.6 *billion* in improper payments in fiscal year 1998.

HUD: The housing agency has failed to reduce the chronic problem of overpayment of housing subsidies. Overpayments were estimated at \$538 million in 1995. The GAO reported in October that the figure had grown to \$857 million in 1998. HUD programs have been on the GAO “high risk” list since 1994.

THE BUDGET COMMITTEE WILL CONTINUE TO TARGET MISMANAGEMENT

“We need to revitalize our commitment to reforming government,” said Kasich, “and the release of *Reviving the Reform Agenda* marks the beginning of the Budget Committee's oversight of government programs in 2000.”

The committee will hold a hearing Thursday, February 17, with Comptroller General David Walker, head of the GAO, to testify. Walker is expected to talk about the GAO's identification of specific high risk programs and actions Congress could take to address them.